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Deputy Comptroller

2 April 1951

Chief, Audit Division

Renewals of Agent Contracts

A review of agent contracts reveals that certain of these contracts contain provisions limiting the term to a specified period, commonly one year, with or without provision for renewal or extension beyond the termination date. From a check of a limited number of such contracts, it appears that payments are being made to agents for extended periods subsequent to the termination date, in the absence of documentation evidencing that such contracts have been renewed. Examples of this situation are the following agent accounts:

- 25X1A2d3 1. [REDACTED] - Contract termination date 31 October 1949, no provision for renewal. Paid through December 1950.
- 25X1A2d3 2. [REDACTED] - Contract termination date 30 June 1950, subject to renewal. No renewal agreement in file, payments continuing to date.
- 25X1A2d3 3. [REDACTED] - Contract termination date 30 November 1949, subject to renewal. No renewal agreement in file, payments continuing to date.
- 25X1A2d3 4. [REDACTED] - Contract termination date 4 September 1950, subject to renewal. A memorandum dated 13 October 1950 from the Chief, FDZ, to the Finance Division stated that ADSO had approved renewal of the contract through 4 September 1951, although no copy of the approving document is in the agent's file.

It is our opinion that where a contract contains a renewal provision, a properly approved renewal agreement should be a part of the agent's file. In this connection, Case 4 above raises the question as to what agency official is authorized to approve contract renewals. Current Confidential Funds Regulations provide, with regard to the contracting authority in the U. S., as follows:

"The Special Contracting Officer is authorized to execute agreements and contracts on behalf of the United States of America, and to amend and terminate such agreements and contracts ..."

The above provision does not specifically mention renewal, but it is considered that the provisions authorizing execution and amendment of contracts would also cover renewals.

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However, the contracts of which the above cases are examples raise the basic question of whether it would not be desirable for agent contracts to provide for an indefinite term, with provision for termination upon whatever notice is mutually agreeable, so that the necessity for periodic renewals would be eliminated. It is recommended that this point be given consideration in the preparation of future contracts.

Your comments regarding the subject discussed above are solicited.

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cc Chairman, Task Force ✓

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